

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1376 – SB 1401

April 13, 2015

SUMMARY OF ORIGINAL BILL: Authorizes funds in the Second Injury Fund (SIF) under the Workers' Compensation Law to be used for costs associated with legal counsel to defend the administrator in actions claiming compensation from the Fund. Authorizes application and renewal fees from employee and server permits issued under the Alcohol Server Responsibility and Training Act to be used for the implementation and updating of Alcoholic Beverage Commission (ABC) information technology and software. Authorizes the use of State Land Acquisition Fund (SLAF) for capital projects, including improvements and maintenance, at state parks.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$734,000/Recurring/ABC
\$678,100/Recurring/Second Injury Fund

Decrease State Revenue - \$1,412,100/Recurring/General Fund

Increase State Expenditures – \$450,000/One-Time/State Lands Acquisition Fund
\$734,000/Recurring/ABC
\$678,100/Recurring/Second Injury Fund

Decrease State Expenditures – \$1,412,100/Recurring/General Fund

The Governor's proposed budget for FY15-16, page A-40, recognizes a one-time increase in state expenditures to the State Lands Acquisition Fund of \$450,000. Further, the recurring transfer of \$678,100 from the General Fund to the Second Injury Fund is recognized in Volume 2 (Base Budget Reductions), page 41, of the Governor's proposed budget for FY15-16. According to the Department of Finance and Administration, the Governor's proposed budget for FY15-16, page A-11, recognizes a recurring over-appropriation of \$85,000,000 to the General Fund, which would reflect any impact of the proposed legislation on the ABC's reversion from the ABC Fund to the General Fund (estimated to be \$734,000).

SUMMARY OF AMENDMENT (006038): Requires \$250,000 to be transferred annually from the State Land Acquisition Fund to the Tennessee Civil War or War Between the States Site Preservation Fund (PF).

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

HB 1376 – SB 1401

**Increase State Revenue - \$734,000/Recurring/ABC
\$678,100/Recurring/Second Injury Fund
\$250,000/Recurring/Preservation Fund**

**Decrease State Revenue - \$1,412,100/Recurring/General Fund
\$250,000/Recurring/State Lands Acquisition Fund**

**Increase State Expenditures – \$450,000/One-Time/State Lands Acquisition Fund
\$734,000/Recurring/ABC
\$678,100/Recurring/Second Injury Fund**

Decrease State Expenditures – \$1,412,100/Recurring/General Fund

The Governor’s proposed budget for FY15-16, page A-40, recognizes a one-time increase in state expenditures to the State Lands Acquisition Fund of \$450,000. Further, the recurring transfer of \$678,100 from the General Fund to the Second Injury Fund is recognized in Volume 2 (Base Budget Reductions), page 41, of the Governor’s proposed budget for FY15-16. According to the Department of Finance and Administration, the Governor’s proposed budget for FY15-16, page A-11, recognizes a recurring over-appropriation of \$85,000,000 to the General Fund, which would reflect any impact of the proposed legislation on the ABC’s reversion from the ABC Fund to the General Fund (estimated to be \$734,000).

Assumptions for the bill as amended:

- Authorizing the use of funds in the SIF for costs associated with legal counsel to defend the administrator against claims on the fund will allow salaries of attorneys employed by the Division of Workers’ Compensation to be paid from the SIF, rather than from the General Fund. The resulting recurring transfer from the General Fund to the SIF is estimated to be approximately \$678,100. This transfer is recognized in Volume 2 (Base Budget Reductions), page 41, of the Governor’s recommended FY15-16 budget.
- According to ABC, authorizing application and renewal fees from employee and server permits issued by the Commission to be used for the implementation and updating of information technology and software would result in approximately \$734,000 to be transferred from the General Fund to the ABC Fund on a recurring basis. According to the Department of Finance and Administration, the Governor’s proposed budget for FY15-16, page A-11, recognizes a recurring over-appropriation of \$85,000,000 to the General Fund, which would reflect any impact of the proposed legislation on the ABC’s reversion from the ABC Fund to the General Fund.
- Authorizing the use of funds in the SLAF for capital projects at state parks, including improvements and maintenance, is estimated to result in a one-time increase in expenditures of \$450,000 to the SLAF for funding for the construction of five bridges along the Cumberland Trail. The Governor’s recommended FY15-16 budget recognizes a non-recurring increase in expenditures to the SLAF in the amount of \$450,000.

- There will be a recurring transfer of \$250,000 from the SLAF to the PF as a result of Amendment 006038.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly distinguishable.

Jeffrey L. Spalding, Executive Director

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